



IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
November 24, 2015

Board Members Present

Mark Leonard, Chair	John Fredrickson
Lyle Borg, Vice Chair	Annette Townsley
Stacie Euken	

Board Members Absent

None

Staff Members Present

Lori Beary, Community Development Director	Tammy Nebola, IADD Program Specialist
Steve Ferguson, IADD Program Specialist	Michelle Thomas, Accounting Manager

Others Present

Dave Claypool, Dorsey & Whitney	Gene Blanshon, Guest
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CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on November 24, 2015 at 9:30 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

REVIEW OF MINUTES OF OCTOBER 28, 2015 BOARD MEETING

Mr. Leonard presented the minutes of the October 28, 2015 IADD Board Meeting. Mr. Leonard asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the minutes of the October 28, 2015 IADD Board meeting.

REVIEW OF OCTOBER 2015 FINANCIAL STATEMENT

Michelle Thomas presented the October 2015 financials. She stated that for FY16 year-to-date, IADD had operating income of \$238,164 operating expense of \$175,321 and net operating income of \$62,842.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the October 2015 financial statement as presented.

LOAN PARTICIPATION PROGRAM CHANGE REQUEST

Tammy Nebola presented the following change request to adjust the terms and conditions on a closed LPP project:

LPP P0163 – Beau M. Romsey – U.S. Bank, N.A. in Boone is the lender. The amendment will exchange farmland with a 1031 Exchange. Release mortgage dated November 24, 2008 in the amount of \$191,200 on approximately 77 acres of agricultural land and take a new mortgage dated December 15, 2015 in the amount of \$843,150 on approximately 77 acres of agricultural land. All other loan terms remain the same.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously approved the Loan Participation Program change request subject to the filing of (2) mortgages; (1) mortgage to be filed in 1st position with the BFLP and LPP Loans (Loan numbers and dates) listed with their current outstanding balances and (1) mortgage to be filed in 2nd position with all the remaining notes that are cross collateralized.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation application.

P0208 - Jonathan J. Orr & Randene S. Davis. The LPP application is for \$150,000. The borrower will purchase approximately 4.91 acres and 5,400 Hd Hog Finishing Buildings. Total project cost is \$1,200,000. The bank is Luana Savings Bank in Luana.

MOTION

On a motion by Mr. Leonard and a second by Mr. Borg, the Board unanimously approved the loan participation for Jonathan J. Orr & Randene S. Davis subject to receiving a personal financial statement from Jonathan's parents, a \$150,000 secured Guarantee dedicated specifically to the LPP Loan (Corporate and personal with both parents), the Corporate and personal guarantees will also need to include a security agreement with UCC filing, all open ended features on 1st mortgage must be closed so no additional debt can be added to the 1st mortgage, the \$300,000 secured guarantee amount that the parents are providing with a 2nd mortgage will need to be split into (2) mortgages; (1) mortgage for \$150,000 specifically dedicated to the LPP loan to be filed in 1st position and (1) mortgage for \$150,000 to reflect the remaining guarantee amount on the bank loan to be filed in 2nd position.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

Tammy Nebola presented the following resolution to adjust the terms and conditions on a closed BFLP project:

Resolution 04359M – Beau M. Romsey – U.S. Bank, N.A. in Boone is the lender. The amendment will exchange farmland with a 1031 Exchange. Release mortgage dated November 24, 2008 in the amount of \$191,200 on approximately 77 acres of agricultural land and take a new mortgage dated December 15, 2015 in the amount of \$843,150 on approximately 77 acres of agricultural land. All other loan terms remain the same.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously approved the Beginning Farmer Loan Program Amending Resolution subject to the filing of (2) mortgages; (1) mortgage to be filed in 1st position with the BFLP and LPP Loans (Loan numbers and dates) listed with their current outstanding balances and (1) mortgage to be filed in 2nd position with all the remaining notes that are cross collateralized. If the Loan Participation project P0163 is paid off the subject to conditions will not apply.

BEGINNING FARMER LOAN APPLICATIONS

AG 15-075 – Neil Ellensohn – Beginning farmer loan of \$250,000 to construct a 1200 head hog barn in Plymouth County. The loan will have a 3.9% variable interest rate and a loan length of 10 years. The index will be .50% below Primebank Prime Real Estate Rate, fixed for 5 years. The lender is Primebank in Le Mars, Iowa.

AG 15-076 – Jonathan and Anne Ball – Beginning farmer loan of \$517,700 to purchase approximately 178 acres of agricultural land, house and out-buildings in Louisa County. The loan will have a fixed interest rate of 4% and a loan length of 20 years. The lender is Mediapolis Savings Bank in Mediapolis, Iowa.

AG 15-077 – Kyle and Shellina Herink – Beginning farmer loan of \$383,500 to purchase approximately 86.34 acres of agricultural land in Tama County. The loan will have a 4.4% variable interest rate and a loan length of 30 years. The index will be 80% of the 5-year Treasury rate plus a margin of 4.025% with a maximum change rate of 3% and a maximum 6% lifetime change. The lender is Farmers Savings Bank & Trust in Traer, Iowa.

AG 15-078 – Josh Van Kekerix – Beginning farmer loan of \$295,630 to purchase approximately 54 acres of agricultural land in O'Brien County. The loan will have a 3.6% fixed interest rate and a loan length of 30 years. The lender is American State Bank in Sioux Center, Iowa.

AG 15-079 – Ben Van Kekerix – Beginning farmer loan of \$295,630 to purchase approximately 54 acres of agricultural land in O'Brien County. The loan will have a 3.6% fixed interest rate and a loan length of 30 years. The lender is American State Bank in Sioux Center, Iowa.

AG 15-080 – Brock Fister – Beginning farmer loan of \$87,500 to purchase approximately 40 acres of agricultural land in Taylor County. The loan will have a 3.75% variable interest rate and a loan length of 30 years. The index will be 2.25% above the weekly average yield on the US Treasury securities adjusted to a constant maturity of 5 years. The lender is Bank Iowa in Clarinda, Iowa.

AG 15-081 – James Thompson – Beginning farmer loan of \$215,900 to purchase approximately 63.5 acres of agricultural land in Delaware County. The loan will have a 3.8% variable interest rate

and a loan length of 30 years. The index will be 2.5% over the 5-year treasuries constant maturities rate with a maximum cap of 6% over the initial rate and a 1% cap on every rate adjustment. The lender is GNB Bank in Manchester, Iowa.

AG 15-082 – Kenneth Gansz – Beginning farmer loan of \$361,756 to purchase approximately 78.66 acres of agricultural land in Webster County. The loan will have a 3.3% variable interest rate and a loan length of 30 years. The index will be 1% over the New York Prime Rate fixed for 7 years with a call option at 7 years and annually thereafter. The lender is Northwest Bank in Fort Dodge, Iowa.

AG 15-083 – Michael Bucheit – Beginning farmer loan of \$517,700 to purchase approximately 180 acres of agricultural land, house and out-buildings in Clayton County. The loan will have a 2.95% variable interest rate and a loan length of 25 years. The index will be equal to PSB's municipal rate. The lender is Peoples Savings Bank in Guttenberg, Iowa.

AG 15-084 – Kyla and Bret Cox – Beginning farmer loan of \$98,400 to purchase approximately 27.5 acres of agricultural land in Madison County. The loan will have a 3.85% variable interest rate and a loan length of 25 years. The index will be equal to 70% of F&M's Ag Real Estate Loan Rate. The lender is Farmers and Merchants State Bank in Winterset, Iowa.

AG 15-085 – Michael and Randi Grevengeod – Beginning farmer loan of \$250,000 to construct a 1200 head hog barn in Lyon County. The loan will have a 4.25% variable interest rate and a loan length of 15 years. The index will be 70% of American State Bank's base rate fixed for 5 years. The lender is American State Bank in Hull, Iowa.

AG 15-086 – Eric and Angela Sieh – Beginning farmer loan of \$277,500 to purchase approximately 67.7 acres of agricultural land and house in Pottawattamie County. The loan will have a 3.4% variable interest rate and a loan length of 30 years. The index will be 0.25% above the New York Prime Rate. The lender is Shelby County State Bank in Harlan, Iowa.

AG 15-087 – Neric and Shawna Smith – Beginning farmer loan of \$152,000 to purchase approximately 83.2 acres of agricultural land in Davis County. The loan will have a 3.25% variable interest rate and a loan length of 30 years. The index will be equal to the Wall Street Journal Prime Rate fixed for 10 years. The lender is First National Bank in Fairfield, Iowa.

AG 15-088 – Craig Schweer – Beginning farmer loan of \$300,000 to purchase approximately 86 acres of agricultural land, house and out-buildings in Bremer County. The loan will have a 3% variable interest rate and a loan length of 30 years. The index will be the Federal Home Loan Bank Advance Rate plus 1.5%. The lender is First National Bank in Waverly, Iowa.

AG 15-089 – Ashley and Kyle Moon Bushman – Beginning farmer loan of \$69,000 to purchase 40 head of Jersey breeding cattle (28 bred cows, 7 bred heifers, 5 open cows) in Winneshiek County. The loan will have a 3.75% variable interest rate and a loan length of 7 years. The index will be 1.5% below Citizens Savings Bank variable Chattle Index Interest Rate. The lender is Citizens Savings Bank in Spillville, Iowa.

AG 15-090 – Curtis Kuehl – Beginning farmer loan of \$210,000 to purchase approximately 43.7 acres of agricultural land, house and out-buildings in Cedar County. The loan will have a 3.25%

variable interest rate and a loan length of 30 years. The index will be equal to the Wall Street Prime fixed for 10 years with a lifetime cap of 7%. The lender is De Witt Bank and Trust in De Witt, Iowa.

AG 15-091 – Jacob Schulte – Beginning farmer loan of \$225,000 to purchase approximately 70.7 acres of agricultural land, house and out-buildings in Lee County. The loan will have a 4.69% variable interest rate and a loan length of 30 years. The index will be 75% of the Bank's 10-year first mortgage ag real estate rate fixed for 10 years. The lender is Pilot Grove Savings Bank in Pilot Grove, Iowa.

AG 15-092 – Nicholas and Carlyn Lechtenberg – Beginning farmer loan of \$387,500 to purchase approximately 154.04 acres of agricultural land in Clayton County. The loan will have a 3.6% variable interest rate and a loan length of 30 years. The loan will be fixed at 3.6% for 15 years and then adjusted every 5 years to a rate of the Wall Street Prime Rate plus 0.25%. The lender is Luana Savings Bank in Luana, Iowa.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board recommended approval of the BFLP applications.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on November 24, 2015 at 10:51 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 10:52 am.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously recommended approval of the BFLP Bond documents.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 64 new BFTC applications for an estimated tax credit amount of \$363,827. He noted that of those, 40 are cash rent 23 are crop share and 1 is a hybrid lease.

Mr. Gene Blanshon spoke to the Board about his tax credit application. He provided 100% of the inputs and received 84% of the crops. He is willing to renegotiate the lease for the next 4 years so that the beginning farmer will receive 55% of the crop and he will receive 45%.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously recommended approval of the Beginning Farmer Tax Credit application for Gene Blanshon.

The Board discussed crop share leases where the asset owner is paying all the input costs and getting 80% or more of the crop. The Board believes these are actually custom hire contracts rather

than crop share leases. The Board agreed that the leases for the 2015 year could be approved but in the future years the beginning farmer would have to receive at least 1/3 of the crop.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously recommended approval of the remainder of the Beginning Farmer Tax Credit applications.

BEGINNING FARMER TAX CREDIT CHANGES

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit requested changes. There were 6 requests to reduce the cash rent, one to increase the number of acres rented, one to change from cash rent to 50/50 crop share and one to change the name for the beginning farmer.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously recommended approval of the Beginning Farmer Tax Credit change requests.

MARKETING UPDATE

Included in the Board packet is the IADD marketing calendar. Mr. Ferguson reviewed some of the recent events he's attended. He also discussed some upcoming events.

OTHER BUSINESS

Tammy Nebola informed the Board that the net worth for beginning farmers will decrease to \$672,171 for 2016. It is based on prices paid by farmers and that index decreased by 4.5%.

NEXT IADD BOARD MEETING


The December IADD Board meeting will be Monday, December, 21 at 8:30am, via conference call.

ADJOURNMENT

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the November 24, 2015 meeting of the IADD Board of Directors adjourned at 12:19 pm.

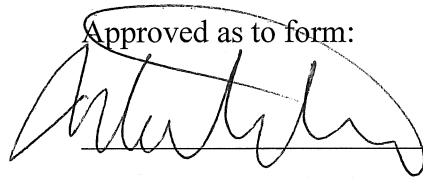
Dated this 21st day of December, 2015.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Mark W. Leonard, Chair
IADD Board